



The Work and Pensions Committee: Universal Credit Inquiry

Homeless Link written submission - October 2017

Introduction

1. Homeless Link is the national membership charity for frontline homelessness agencies and the wider housing with health, care and support sector in England. With around 800 members, we work to improve services and campaign for policy change that will help end homelessness and ensure that everyone has a place to call home and the support they need to keep it.
2. A sustainable home and a job is the best route out of homelessness, and people who are homeless may need a range of support to help them achieve this - improving poor health, overcoming substance use, and moving on from offending. This is why each year a range of homelessness services play a critical role in recovery, helping thousands of people leave homelessness behind and preventing many more losing their homes in the first place. An adequate safety net for those not yet able to work is also essential to prevent them falling into crisis.
3. Homeless Link has previously made a submission to the inquiry as a member of Making Every Adult Matter (MEAM), a coalition of Clinks, Homeless Link and Mind formed to improve policy and services for people facing multiple needs.¹ The response focussed on how waiting times for initial payments and the Alternative Payment Arrangements system were failing people with multiple needs, leaving many without access to basic needs such as food and heating.
4. This additional submission focuses on the feasibility of the 6-week delays to initial payment, the Advance payment mechanism and Alternative Payment Arrangements, considering operational changes and announcements made since

¹ http://www.homeless.org.uk/sites/default/files/site-attachments/MEAM%20submission%20-%20Universal%20Credit_0.pdf

our original submission in April. Evidence has been gathered through our Expert Panel of people with lived experience of homelessness, network events in Birmingham, Carlisle, Liverpool and London with front-line staff from member organisations and Jobcentre Plus Work Coaches, and in-depth interviews and focus groups with Homeless Link members and local authorities as part of our forthcoming 'Preventing Homelessness' and 'Moving On from Homelessness' research.

Background

5. Lack of work is a major cause and consequence of homelessness, eroding skills and self-esteem and acting as a practical obstacle to finding and keeping a home. Our research shows that 80% of people who have experienced homelessness or housing issues want to work, however only 10% of people who are homeless are in work and only 23% are in education or training programmes.²
6. Homeless Link supports the stated principles of Universal Credit to simplify the benefit system,³ and to help more people move into and progress in work while supporting the most vulnerable.⁴ We hope these principles underpin any future reforms, such that people are empowered to manage their claims and those who can work are supported to get a job and reduce the risk of becoming homeless.
7. Currently, however, people who are experiencing homelessness are facing specific problems caused by the current design and delivery of Universal Credit (see MEAM submission to the inquiry),⁵ and many others are being left at risk of becoming homeless as they transition to the new system.
8. Our evidence has consistently highlighted that the current exemptions and safeguards aimed at supporting the most vulnerable are not operating effectively, with a net effect of increased destitution and decreased chances of moving on from homelessness for many individual claimants. To mitigate some of the negative impact of Universal Credit, Homeless Link, alongside other national homelessness charities,⁶ recommends the Government prioritises the following:

² . Work Matters, St Mungos Broadway (2010) and Support for Single Homeless People in England: Annual Review 2014, Homeless Link (2014)

³ Impact Assessment for Universal Credit, DWP (2010) and Universal Credit: welfare that works, DWP (2010)

⁴ ibid

⁵ http://www.homeless.org.uk/sites/default/files/site-attachments/MEAM%20submission%20-%20Universal%20Credit_0.pdf

⁶ <http://www.homeless.org.uk/sites/default/files/site-attachments/Briefing%20on%20Universal%20Credit%20and%20homelessness%20Sept%202017.pdf>

A money management package, including exemption from the seven day waiting period, should be developed for individuals identified as homeless or at risk of homelessness at the beginning of a Universal Credit claim. This should include a realistic financial offer to support people through the assessment period and enable them to manage their finances going forward, without falling into debt. In addition to removing the seven day waiting period from people who are homeless, it should allow better access to reformed advance payments. Advanced payments should become more generous with re-payment terms altered to ensure that they can be paid back over at least 12 months in every case.

All individuals identified as homeless should be granted Alternative Payment Arrangements (APAs), as standard, from the beginning of their claim. They should automatically be given more frequent payments and, in the case of individuals who receive the housing element of Universal Credit, rent payments direct to their landlord. These APAs should be reviewed regularly and should not be removed without a consultation with the claimant.

9. Further recommendations to support these priorities are included in the following.

Questions

How long are people waiting for their Universal Credit claim to be processed, why, and what impact is this having on them?

10. Although the expected time for receiving the first payment of Universal Credit is 6 weeks (made up of 7 waiting days, 1 month assessment period, and an extra week before payment administered and received) our Prevention research and other engagement with members has provided many examples of individuals not being paid for up to 16 weeks, with one case of a 23 week wait.

11. Issues relating to verification can be one of the causes of delays for people experiencing homelessness. In the current process, claimants are required to prove their identity for their Universal Credit claim to be accepted; claimants unable to do this online have to book an appointment with their local Jobcentre Plus and bring in specific documents proving their identity. Research from Citizens Advice shows that nearly 3 in 5 (57%) Universal Credit clients surveyed in full service areas reported finding the process difficult, that requiring an appointment with the Jobcentre caused a delay, and that those without suitable identity documents are finding the process even harder.⁷

12. The latest Government statistics highlight that only 76% of new claims to Universal Credit received full payment on time, with reason for late payment

⁷ Citizens Advice (2017) Universal Credit and debt

arising from a number of reasons including 'verification processes not being completed on-time (either by DWP or the claimant), or claims being amended.'⁸ Statistics are not broken down to determine what proportion of these are experiencing homelessness, though as many people experiencing homelessness often have limited access to computers, will not always possess the requisite skills necessary to undertake the process of claiming Universal Credit online, and have a lack of access to identification documents. they are very likely to be over-represented in this group.

13. Crucially, there are a number of additional reasons for delays which may not be picked up in published Government statistics. Many people have found it extremely difficult to open a bank account if they are rough sleeping, sofa surfing, or have no fixed abode; primarily because of problems in obtaining an adequate proof of address which a bank will accept. It can also be equally hard for a person living in a hostel and/or supported housing to open an account, due to a lack of supporting documentation.
14. The Government website states that Universal Credit can be paid 'a different way if you have problems opening or managing an account,'⁹ and that Jobcentre Plus Work Coaches should be contacted to explain the process of receiving payment. However, people with experience of homelessness and Homeless Link members have reported many examples of Work Coaches advising claimants that Post Office accounts can no longer be used to receive a Universal Credit payment; these examples have occurred after DWP has advised that internal 'communications have been issued to Work Coaches to remind them that where a claimant is unable to open or manage a transactional account, DWP can pay Universal Credit into a Post Office card account.'¹⁰ This lack of awareness is resulting in further delays to claimants receiving their payment.
15. People experiencing homelessness are often required to contact Jobcentre Plus via telephone as they do not have access to IT facilities, and are likely to require an adjustment to the default mechanism (e.g. requirement to skip question on the application form relating to bank account details). Homeless Link has heard many examples of people having to remain on the line for extended periods of times and not having calls returned. Jobcentre Plus Staff have been advised not to be pro-active in indicating to people that the helpline can be free, resulting in people using all their credit to rectify administration errors on the part of DWP.

⁸ (DWP, 2017) Universal Credit Statistical Ad Hoc: Payment Timeliness Data for Jan 2017 to June 2017 (updated in October 2017 with UC Full Service data to September 2017)

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/648800/universal-credit-payment-timeliness-statistical-ad-hoc.pdf

⁹ <https://www.gov.uk/how-to-have-your-benefits-paid> (accessed 12/10/2017)

¹⁰ <http://www.homeless.org.uk/connect/blogs/2017/sep/04/how-will-universal-credit-claimants-experiencing-homelessness-be-paid>

16. It is very unlikely that people experiencing homelessness will have the financial resources required to bridge the gap between applying for Universal Credit and receiving their first payment, as few people who are homeless or at risk of homelessness will have savings or support from family. This would be the case for any who were able to receive a payment within 6 weeks, and is extenuated further for the majority who do not.

17. Not receiving money for this time not only cause severe hardship but also significantly impacts on arrears and increases the risk of homelessness. As outlined in the MEAM submission,¹¹ we have many examples of individuals who have suffered increased anxiety, excessive weight loss, heightened occurrence of suicidal thoughts, become reliant on foodbanks, run up huge arrears, or been served with notices of eviction whilst waiting for their first payment.

Recommendation: People experiencing homelessness should be exempt from the initial seven day waiting time once a claim is submitted, to create parity with other vulnerable groups who are already exempt such as prison leavers and victims of domestic violence. This is in line with the intention of the exemption policy, to prevent financial hardship to vulnerable groups who are unlikely to have savings.

Recommendation: Work Coaches should pro-actively inform claimants that they can receive a free call to discuss problems with their claim. This call should take place at the confirmed time.

Recommendation: Guidance for Work Coaches highlighting that Post Office accounts can be used to make payments should be publicly available to enable homelessness services to support the Government in raising awareness of this practice.

Recommendation: Monitoring processes should be improved to ensure that peoples housing status is recorded. This will enable accurate evaluation of Universal Credit and how specific parts of the system are operating.

Is the advance payment system appropriate and is there adequate awareness of its availability?

18. As it is very unlikely that the people we represent will have the financial resources required to bridge the gap between applying for Universal Credit and receiving

¹¹ http://www.homeless.org.uk/sites/default/files/site-attachments/MEAM%20submission%20-%20Universal%20Credit_0.pdf

their first payment, some form of advance payment will be required for people experiencing homelessness.

19. The Advance payment system as is allows people to request up to 50% of their monthly benefit which must be *paid back* over 6 months. Further, the Government have recently announced that in future an Advance payment can now be requested at the outset of a claim if claimants are identified as in 'immediate need,' and that Work Coaches will be advised of its availability through guidance.
20. This system, in spite of the proposed amendments, remains inappropriate because of the amount of Advance payment, the repayment period, and the high emphasis on individuals disclosing that they are homeless.

Amount of advance payment

21. Universal Credit is far less generous than other legacy benefits. In relation to income support, a 22 year old on JSA would receive £57.90/week for first 14 weeks, then £74.10. Under Universal Credit they will continue receiving lower rate until age 25. A 17 year old lone parent would receive £57.90 on ESA until they turn 18, then £73.10. Under Universal Credit they will continue receiving lower rate until 25.
22. Housing costs in the private rented sector are limited to the Local Housing Allowance, which has been frozen for four years since 2016. This freeze has contributed to an ever-increasing gap between people's incomes and the rents in their areas. This is a particular challenge in areas with high LHA rates and a very competitive rental market, such as London and the South East. Further, from April 2017, 18-21 year olds have no longer had an automatic entitlement to housing costs under Universal Credit. Although there are many exemptions, this causes complexity in administration; and increases the delay in accessing this entitlement.
23. As the level of monthly benefit is below that required to meet living costs, 50% of a monthly benefit will not be able to bridge the gap for the initial 6 weeks for those with little or no financial resources.

Repayment period for advance payment

24. Currently, recovery rates stated in guidance for Universal Credit Advances are up to 40% a month, over 6 months. These deductions of Universal Credit can be so high that people are forced into higher levels of debt in order to buy essentials during the repayment period.

25. Further, these recovery rates are contrary to the maximum rates of recovery of Universal Credit Advances as laid down in reg 11 of the Social Security (Overpayments and Recovery) Regs 2013.¹² This provides for rates of 15% of a standard allowance if a claimant doesn't have earned income.
26. As the level of monthly benefit is below that required to meet living costs, having this decreased by having to make repayments will push people with no financial resource further in debt. People who are experiencing homelessness are therefore unlikely to take these advances out, particularly if they are receiving money management advice.

Identifying people as experiencing homelessness

27. The process of getting Advance payments requires that Jobcentre Plus staff are expected to identify claimants who need support and assess what level is appropriate. As this relates to a high level of claimants,¹³ the risk, supported by previous evidence, is that claimant's homelessness will not always be identified. For example, in 2015, Homeless Link and others published a report into the future of Government led employment support, which found that Jobcentre Plus staff were unable to identify homeless people, including those currently sleeping on the streets.¹⁴
28. We acknowledge that Jobcentre Plus staff face considerable barriers in identifying people who experience homelessness, when the claimants themselves may be reluctant to disclose this kind of information for fear of recriminations or stigmatisation. However, at a minimum, we would suggest that all staff be aware of the relevant protections and understand why they are in place. Unfortunately, our information implies that there are considerable discrepancies between how safeguards are applied and understood at different jobcentres.

Recommendation: All people identified as homeless should immediately qualify for, and be offered, an advance payment which can be paid back over at least a 12 month period at a rate that means that people have adequate funds for living costs for the duration of their claim. This would follow precedent within Universal Credit where repayments can be 12 months in cases of benefit transfer.

¹² <http://www.legislation.gov.uk/uksi/2013/384>

¹³ Lord Freud has previously stated that the DWP estimates "that around 3.5m people will need some element of budgeting support."

¹⁴ <http://www.homeless.org.uk/sites/default/files/site-attachments/Supporting%20homeless%20people%20into%20work.pdf>

Recommendation: The level of Advance payment should be such that people have sufficient funds to meet living costs before they receive their first Universal Credit payment.

Recommendation: Government should reverse the freeze on the Local Housing Allowance and review levels so that they reflect the reality of the local rental market, to ensure that monthly payments claimants receive meet the cost of living.

Recommendation: Guidance that Work Coaches will be using to administer Advance payments should be publicly available to enable homelessness services to support the Government in raising awareness of this practice.

Recommendation: Mechanisms should be developed such that local authorities, homelessness hostels and other support services such as mental health workers should be able to work together with Jobcentre plus to identify people who are homeless in the initial stages of making a claim

How are claimants managing with being paid Universal Credit monthly in arrears? Is the Alternative Payment Arrangements system working effectively?

29. To align with perceived usual employer practice on wage payments, Universal Credit is designed to prepare claimants for patterns and requirements of working and receiving a pay-check – i.e. receiving payment for the previous months work which covers the next month's expenses with some left over for saving. For people experiencing homelessness this is rarely the case; income received goes toward paying daily costs or debts with little left over to save or keep for future expenses.

30. Individuals interviewed in our Move On research identified managing monthly budgets and rent payments as a key concern which could jeopardise their recovery from homelessness, particularly amongst those with substance use problems or a mental health condition. Although many people who are homeless will be able to manage their finances independently with the right support and guidance, budgeting on Universal Credit from the beginning of a claim may be too steep a learning curve for some unless they are given time to develop money management skills.

31. Some of these concerns could be addressed if claimants were enabled to make the choice from the beginning of the claim to have direct payments to landlords and receive fortnightly payments of Standard Allowance. The Alternative Payment Arrangement mechanism should allow people who are identified as having a tier one vulnerability factor to access these arrangements.

32. Homelessness has already been identified as a tier one vulnerability factor, meaning that Alternative Payment Arrangements are highly likely to be needed by a claimant experiencing homelessness. However, many work coaches and claimants still do not know Alternative Payment Arrangements exist, or find them difficult to access. We have found Alternative Payment Arrangements to be poorly advertised and difficult to access. The light-touch nature of the regulations in many areas, gives those dealing directly with claimants a lot of discretion, power and responsibility.
33. There is also mixed messaging as to when an individual can have an Alternative Payment Arrangement. A requirement for someone to be 2 months in arrears means that people will become homeless or at risk of homelessness before they are able to access them.

Recommendation: All individuals identified as homeless or living in supported housing should have Alternative Payment Arrangements for both more frequent payments and direct payment to landlords (where they currently claim the housing element of Universal Credit) established as standard from the beginning of their claim. This should operate on an opt-out system, whereby people are able to request (choose) their Alternative Payment Arrangements are removed following a conversation with the DWP.

Recommendation: Alternative Payment Arrangements should never be removed without a consultation with the claimant, as we have seen happening in the early stages of roll out.

Recommendation: Better communications systems should be established between the DWP and landlords, so they are informed when their tenant is placed on and removed from Alternative Payment Arrangements, and when they can expect payment.

Is the roll-out schedule appropriate?

34. The Government, sensibly, has previously chosen to not be bound by its initial timetable for the roll-out of Universal Credit. We believe it is more important that the system is implemented safely rather than quickly. Hence, the test-and-learn system should continue to be applied throughout the full rollout process.
35. As part of this timetable for migration of existing claimants, when millions of people will be impacted, should be flexible with large amounts of advance notice given of how this is going to take place.

Recommendation: Universal Credit is currently not protecting the most vulnerable, and should not be introduced into additional Jobcentre Plus until safeguards aimed at supporting the most vulnerable are operating effectively.

If you require any further information for the inquiry, please contact:

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